Banco de Fomento Angola
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Market Information

The Monetary Policy Committee (MPC) of the Central Bank of Angola (BNA) held its meeting on July 17–18 in the city of Soyo, having decided to keep all benchmark interest rates unchanged – the BNA rate remains at 19.5%, the Lending Facility at 20.5%, and the Deposit Facility at 17.5%. However, the BNA once again reduced the Mandatory Reserve Requirement (MRR) in local currency, this time from 19% to 18%. This marks the third MRR cut in 2025. The decision to maintain the policy rates reflects the monetary authority's caution in the face of persistent external uncertainties as well as domestic risks associated with the recent adjustment of administered prices – namely, "electricity and water" and "fuels." For the former, first-order effects have already materialized in the general price index in June, while second-order effects may still unfold; for the latter, effects are expected to emerge in July and in the following months. The decision to cut the MRR again – releasing approximately AOA 99.8 billion in liquidity – aims to stimulate credit to the real sector and foster a decline in interbank interest rates. However, this expansionary signal contrasts with the reinforcement of short-term liquidity absorption. In May alone, the BNA absorbed AOA 3.4 trillion (t) through open-market operations with repurchase agreements (repos), and AOA 3.3t through overnight and 7-day standing absorption facilities. This seemingly contradictory behavior reveals a calibrated stance by the BNA: injecting structural liquidity to support credit provision, while withdrawing excess short-term liquidity to curb inflationary pressures and prevent temporary stress on the exchange rate. The combination of structural and tactical measures suggests an effort to strike a balance between supporting growth and containing immediate macroeconomic risks.

Money supply continues to expand, albeit at a much more moderate pace compared to last year, reflecting a slowdown in money creation. In June, M0 – the operational variable of monetary policy – contracted by 2.17% year-on-year, while M1 grew by around 16% and M2 by approximately 11% year-on-year.

According to data from ANPG, oil production again contracted in the second quarter of 2025, falling by roughly 10% year-on-year to 1.0 million barrels per day, reflecting the structural downward trend in domestic crude output. Meanwhile, natural gas production – which had increased by 3.3% in the first quarter – reversed course and declined by 8% in the same quarter. Based on these results, we estimate that the petroleum sector as a whole contracted by approximately 10.2% in the second quarter of 2025.

Macroeconomic Forecasts

Indicator	2024*	2025**	2026**
GDP change (%)	4.4	1.9	2.9
Average Inflation (%)	28.2	20.2	13.9
Current Account (% GDP)	9.3	9.1	8.5

*Inflation - INE/ GBP and Current Account - BFA Forecast; BFA **Forecast

Sovereign Rating

Rating Agency	Rating	Outlook	Last change
Fitch	B-	Stable	26/06/2023
Moody's	B3	Stable	29/11/2024
Standard & Poor's	B-	Stable	04/02/2022

Monetary and Forex data*

	18/07/2025	Change 7 days (%)	Change YTD (%)	Change 12 months (%)
LUIBOR O/N	20.20%	-0.06%	-2.49%	0.57%
USD/AOA	911.96	0.00%	0.00%	4.51%
AOA/USD	0.00110	0.00%	0.00%	-4.31%
EUR/AOA	1075.9	-0.56%	13.31%	12.80%
EUR/USD	1.166	-0.28%	12.57%	6.97%
USD/ZAR	17.69	-1.40%	-6.12%	-3.11%

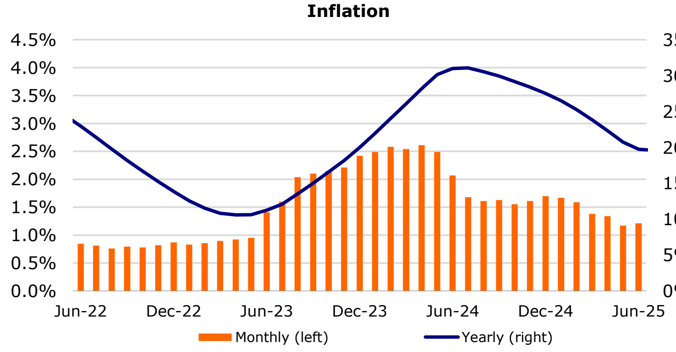
*Change of USD/AOA (or EUR/AOA) shows the appreciation of the USD (or EUR) against the Kwanza; the change of AOA/USD shows the appreciation/depreciation of the Kwanza against the USD.

Weekly domestic debt securities auctions

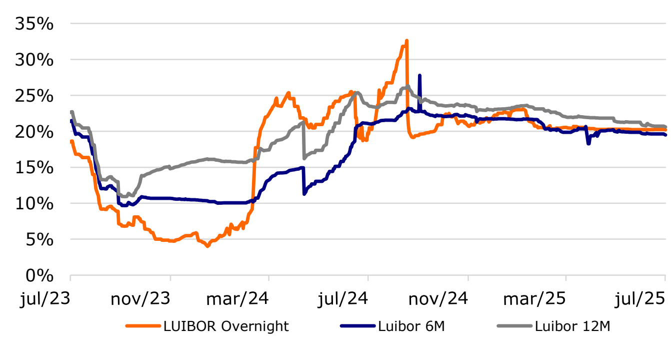
Term	Yield	Offer	Demand	Allocated
OT AOA (3 years)	16.75%	24,000	21,138	21,138
OT AOA (3 years)	16.75%	40,000	40,000	40,000
OT AOA (3 years)	16.75%	100,000	91,947	91,947
OT USD (3 years)	16.75%	10,000	2,000	2,000
OT USD (5 years)	17.25%	10,000	4,000	4,000
OT AOA (5 years)	5.00%	11	10	10

BT are treasury Bills, OT are Treasury Bonds; Note: amounts (except for yield) are in million Kwanza. OT USD (Dollar Treasury Bonds) are shown in million Dollars

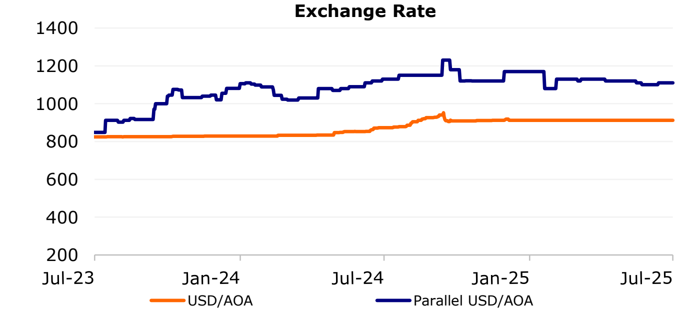
Inflation



LUIBOR



Exchange Rate



Oil Prices (Brent) and Eurobond Yield 2032